

Butler County/I.U.O.E. Local 234 (Roads)

2005-2006
CEO 1121
Sector 2

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| <p>In The Matter of Interest Arbitration</p> <p>Between</p> <p>Butler County Board of Supervisors Public Employer</p> <p>and</p> <p>International Union of Operating Engineers, Local 234 (Roadworkers) Employee Organization</p> | <p>2006 JUL -7 AM 9:34</p> <p>PUBLIC EMPLOYMENT RELATIONS BOARD</p> <p>Interest Arbitration Award</p> <p>Paul Lansing Arbitrator</p> |
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APPEARANCES

For the County:

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|----------------|------------------------|
| Steven Weidner | Attorney and Spokesman |
| Todd Fonkler | County Engineer |

For the Union:

| | |
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| MacDonald Smith | Attorney and Spokesman |
| Kevin Holzhauser | Business Representative Local 234 |

I. AUTHORITY

This proceeding arises pursuant to the provisions of Section 19 and 22 of the Iowa Public Employment Relations Act, Chapter 20, 1991 Code of Iowa (hereinafter "the Act"). The Butler County Board of Supervisors (hereinafter "the County") and the International Union of Operating Engineers, Local 234 (Roadworkers) (hereinafter "the Union") were unable to agree upon the terms of their collective bargaining agreement for the period of July 1, 2006 to June 30, 2007 through their negotiations and mediation. In accordance with Section 22 of the Act, the undersigned was selected as the single arbitrator from a list provided by the Iowa Public Employment Relations Board.

An arbitration hearing was held in Allison, Iowa on June 26, 2006 and was completed then. During the hearing, all parties were provided full opportunity to present evidence and argument in support of their respective positions. The hearing was mechanically recorded by the Arbitrator pursuant to the regulations of the Iowa Public Employment Relations Board.

II. BACKGROUND

Butler County is located in north central Iowa and has a population of 15,305. The Union represents 29 total employees. For wage classification purposes there are 22 General Maintenance Labor Grade, 2 Mechanic Labor Grade, 3 Foremen Labor Grade, 1 Utility Labor Grade and 1 Bridge Foreman Labor Grade. This is the third collective bargaining contract being negotiated between the parties. The parties have agreed that the term of the new contract will be for one year (Joint Exhibit #6).

These same parties, represented by the same spokesmen, went to arbitration last year over

the same issues that are at impasse here. In that process, the parties have agreed upon the appropriate comparison group to be used here. Those six counties are Bremer, Chickasaw, Floyd, Franklin, Grundy and Hardin. (Union Exhibit #3). These six counties surround Butler County geographically (County Exhibit #2).

While there is no explicit criteria in the Iowa statute by which an arbitrator is to judge the reasonableness of the parties' bargaining proposals, Section 22, paragraph 9 of the Iowa Public Employment Relations Act provides guidance for interest arbitrators in rendering awards. In this respect the statute, in relevant part, provides:

1. The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors;
 - a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
 - b. Comparison of wages hours and conditions of employment of the involved public employees doing comparable work, given consideration to factors peculiar to the area and the classification involved.
 - c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments, and the effect of such adjustments on the normal standard of services.
 - d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

In addition, Section 17, paragraph 6 of the statute provides that:

"No collective bargaining agreement or arbitrator's decision shall be valid or enforceable if it's implementation would be inconsistent with any statutory limitation on the public employer's funds, spending or budget, or would substantially impair or limit the performance of any statutory duty of the public employer."

The award on the impasse items at issue herein is made with due regard to each of the

above criteria.

III. IMPASSE ITEMS

The parties remain at impasse on the following items:

Health Insurance
Wages

In regard to the impasse items, the following positions were presented at the arbitration hearing.

Health Insurance

County Position. Insurance provisions of current Agreement would be continued except that the commencement date would be changed to July 1, 2006, and except that the plan for which the County would pay 100% of the premium would now be the same John Deere Select Plan offered to the rest of the County employees with the following features:

| | |
|--------------------------|-----------------------------------|
| Deductible \$750/\$1500 | Out of Pocket Max \$2,000/\$4,000 |
| Co-insurance 10% in only | PCP Office Co-Pay \$15 |
| Specialist Co-Pay \$30 | Drug Card \$10/\$20/\$35 |

Employees may buy up to the alternative Select plan offered to all other County employees by paying the cost difference (\$41.98, \$86.96, \$80.45 and \$127.81) (Joint Exhibit #3).

Union Position. Insurance provisions of current Agreement would be continued (Joint Exhibit #4).

Wages

County Position. An across-the-board wage increase of 47¢ (3.06%) for all classifications.

Union Position. An across-the-board wage increase of 50¢ (3.25%) for all classifications.

IV. POSITION OF THE PARTIES

Health Insurance

County – The arguments put forth by the County center on the increasing costs of health insurance coverage and its desire to have its employees share that burden. In reviewing the health insurance cost history of this unit, the County notes that the percent increase in 2001 was 5.55%, 2002 was 5.68%, 2003 was 8.24%, 2004 was 3.34%, 2005 was -0.08%, 2006 was 17.98% and 2007 is projected at 23.00% (County Exhibit #5). While the County was able to accommodate the increases in earlier years, the County no longer wants to absorb the increases in health insurance costs when these increases are at the double digit stage.

Rather, the County proposes new health insurance coverage which would give employees the option of continued coverage with no employee contribution (Select Standard) or a better plan with an employee contribution (Select Custom) (County Exhibit #7). These proposed plan options are the same that other County employees now can choose between for their health insurance coverage.

Additionally, the County maintains that since the employees would have a greater out of pocket cost associated with the new plan offered, the employees would have an active interest in keeping the costs of health insurance lower. In essence, the County position is that employees presently have no incentive to keep health insurance costs low because they are not paying these costs.

The County notes that if no change is made to the current health insurance plan, the increased cost to the County will be about \$51,000 this year (County Exhibit #6). It is their

position that it is unreasonable for the County to continue to cover these increased costs without the employees making some contribution to pay for this increasing burden. If the employees are not willing to contribute to this cost, then they should be agreeable to a lesser health insurance plan. This reduced health insurance plan would come with the option of a plan more similar to the present coverage as long as employees were willing to contribute to the cost. The County proposal would give the employees the option to choose which plan they wanted while reducing the costs to the County.

Union – The Union seeks to maintain the present contract language concerning health insurance coverage for their members. The Union notes that the County proposed Select Standard plan has reduced benefits for its members. For example, there would be no coverage for out of network expenses except if an emergency. Also, there are increased co-pay amounts for office and specialist visits. Drug card costs might also rise under the plan (Union Exhibit #4). So while this plan does not require an employee contribution, it is an inferior plan to the one they have now. The Standard Custom plan, while more closely resembling their present plan, would require an employee contribution which they do not presently pay.

While the County notes that other County employees are covered by the proposed plan, the Union points out that the other County employees are not represented by a union and that the County was able to impose the new health insurance plan on them without the need to collectively bargain the issue. Rather than compare to other Butler County employees, the Union chooses to compare to other comparable county employees. Five of the six comparable counties do not require a health insurance contribution from the employees for single insurance premiums

(Union Exhibit #5). It also notes that notwithstanding the increase in cost this year under the Union position, Butler County will continue to require the lowest employer contribution of the six comparable counties for single insurance premiums.

The Union position is that they understand that health insurance premiums are increasing, this is a cost to the County and not to the Union. If the County wants the Union to share this cost, what is the County giving in return to the Union that it should accept this increased cost to its members.

Wages

The County proposes an increase in wages of 47¢ across the board for all classifications. In support of this position, the County notes prior wage history in Butler County. In FY '05 the parties collectively bargained a 47¢ increase and in FY '06 the Arbitrator awarded a 45¢ increase. (County Exhibit #10)

Union

The Union proposes an increase in wages of 50¢ across the board for all classifications. In support of this position, the Union notes that with this increase they will maintain their position relative to the hourly wage in the comparable counties. (Union Exhibit #8)

V. DISCUSSION

The central issue to be determined in this arbitration is the County's proposal to initiate a change in the health insurance provision of the present collective bargaining agreement. As it is the County who is proposing to change the agreement, the County has the burden of going forward and demonstrating why a change is necessary.

The County relies upon the increasing cost of providing the present health insurance coverage to the Union employees as its rationale for the proposed change. In its proposal, it offers the employees an option to choose between two health insurance coverage plans. However, the one plan that continues to allow employees to not pay for coverage is inferior to the present plan. The plan that requires the employees to pay for coverage merely reflects the same coverage they already have.

My problem with the County position is that they are essentially asking the Arbitrator to impose a result that they were unable to obtain through collective bargaining with the Union. If arbitrators were to impose their views on the best result for changes in a collective bargaining agreement, that would subvert the purpose of collective bargaining. If the County wants to propose changes to the present contract, then they should bargain with the Union about these proposed changes.

While cost is an important consideration, at no point did the County argue inability to pay. Nor did the County argue that the comparable countries better reflected their position on the issue. In addition, the County did not argue that there was any abuse of the present insurance coverage by the employees.

Further, as noted previously, these parties went to arbitration just last year over these same issues. As noted in the Award of Arbitrator Cox (Joint Exhibit #5), "Insurance cost increases to Butler County are obviously a major factor in the determination of this issue." However, Arbitrator Cox awarded the Union position on the issue of health insurance last year. "Under present circumstances, the comparables do not support a breakthrough during these negotiations

of making health insurance coverage contributory in Butler County...”

I do not think the circumstances have changed much since last year. And I repeat my position that it is not proper for arbitrators to make changes, especially breakthrough changes, to a collective bargain agreement. It is the responsibility of the parties to bargain changes to the contract, a process which allows the exchange of benefits and responsibilities between the parties.

On the issue of wages, the difference in the County and Union proposals amounts to only 3¢ per hour. This difference is quite minimal and either proposal will maintain these employees position against the comparable counties employees. In consideration of how I will adopt the Union proposed position on health insurance coverage, I will here adopt the County position on wages. At \$15.87 for FY '07, Butler County will be at the same rate as Franklin County and within a nickel of Bremer County and Chickasaw County.

VI. CONCLUSION OF LAW

Pursuant to Section 22 (10) of the Act, and in accordance with the criteria set forth in Section 22 (9), the Arbitrator finds, for the reasons set forth above, that the following constitute the “most reasonable” offers of the final offers on the impasse items set forth below. They are hereby awarded:

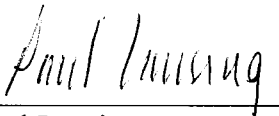
IMPASSE ITEM – HEALTH INSURANCE

The Union’s final offer.

IMPASSE ITEM – WAGES

The County’s final offer.

Champaign, Illinois
July 5, 2006


Paul Lansing
Arbitrator

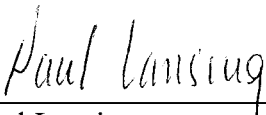
CERTIFICATION OF SERVICE

I certify that on the fifth day of July, 2006, I served the foregoing Award of Arbitrator upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Steve Weidner
Swisher & Cohrt
528 West 4th Street
Waterloo, IA 50704

Kevin Holzhauser
International Union of Operating Engineers
4880 Hubbell Avenue
Des Moines, IA 50317

I further certify that on the fifth day of July, 2006, I will submit this Award for filing by mailing it to the Iowa Public Employment Relations Board, 510 East 12th Street, Des Moines, Iowa 50319



Paul Lansing
Arbitrator